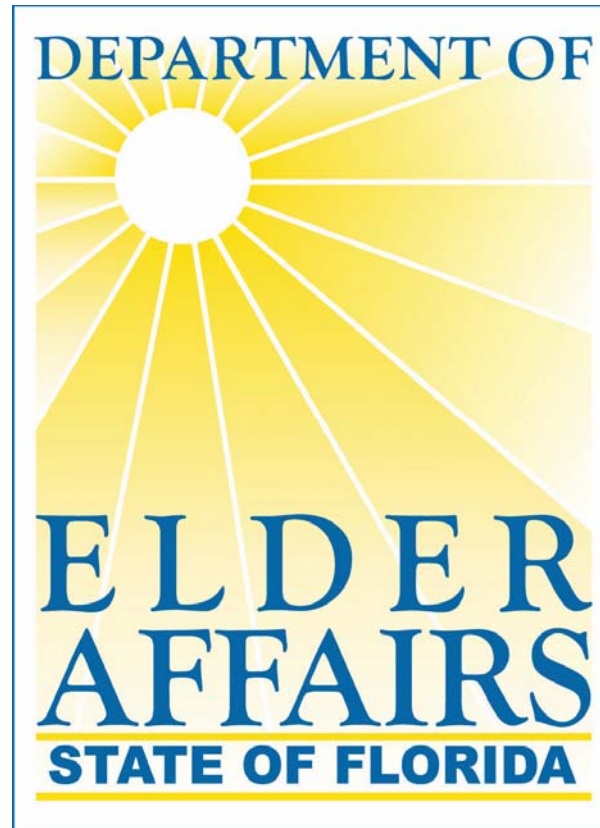


FLORIDA DEPARTMENT OF ELDER AFFAIRS

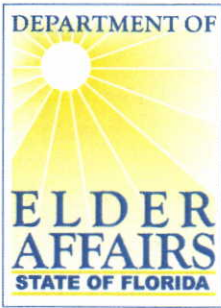


ANNUAL REPORT FISCAL YEAR 2013-2014

TAROUB J. KING
INSPECTOR GENERAL

CHARLES T. CORLEY
SECRETARY

OFFICE OF INSPECTOR GENERAL



RICK SCOTT
GOVERNOR

September 5, 2014

Mr. Charles T. Corley, Secretary
Florida Department of Elder Affairs
4040 Esplanade Way
Tallahassee, Florida 32399-7000

Ms. Melinda Miguel, Chief Inspector General
Office of the Governor
The Capitol, Suite 1902
Tallahassee, Florida 32399

Dear Secretary Corley and CIG Miguel:

In accordance with Section 20.055, Florida Statutes, I am pleased to submit the Office of Inspector General's Annual Report for the Fiscal Year 2013-2014 to highlight the major work efforts and activities of my office.

We remain committed in our work with Departmental management and staff to promote our mission of providing independent, objective assurance and consulting services designed to add value and improve the Department's operations. Thank you for your continued support of our efforts.

Sincerely,

Taroub J. King
Inspector General

Enclosure

Tam:TK

cc: David W. Martin, Auditor General

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INTRODUCTION

Effective July 1, 2014, Section 20.055, Florida Statutes, requires that each Governor’s Agency Inspector General submit to the Department Secretary and Chief Inspector General an annual report, not later than September 30 of each year, summarizing its activities during the preceding state fiscal year. This report includes, but is not limited to the following:

- A summary of each audit and investigation completed during the reporting period;
- A description of significant abuses and deficiencies relating to the administration of programs and operations of the agency disclosed by investigations, audits, reviews, or other activities during the reporting period; and
- A description of recommendations for corrective action made by the Office of Inspector General (OIG) during the reporting period with respect to significant problems, abuses, or deficiencies identified.

This report is presented to the Secretary and Chief Inspector General in accordance with the statutory requirements and to describe how the OIG accomplished its mission during Fiscal Year 2013-2014.

BACKGROUND

Pursuant to Section 430.03, Florida Statutes, the Department of Elder Affairs (Department) is the agency designated to “serve as the primary state agency responsible for administering human services programs for the elderly...” (Section 430.03, Florida Statutes). Its purpose is to ensure that Floridians age with dignity, purpose, and independence.

The Department administers a variety of innovative programs and services that empower elders to age in place with dignity, security, and purpose in an elder-friendly environment.

The majority of programs administered by the Department are privatized. Ninety-four percent of the budgeted dollars are contracted for services provided primarily by non-profit agencies and local governments under contract through 11 Aging and Disability Resource Centers (ADRCs), which are mandated by the federal Older Americans Act.

OFFICE OF INSPECTOR GENERAL

On October 1, 1994, Chapter 94-235, Laws of Florida, took effect and created in all state agencies an Office of Inspector General (OIG). The qualifications for the Inspector General and

the specific duties and responsibilities of the OIG are mandated and described in Section 20.055, Florida Statutes.

The Office of Inspector General is an essential component of executive direction in the Department; it provides independent, objective assurance and consulting services designed to add value and improve agency operations.

The OIG provides a central point for coordination of, and responsibility for, activities that provide accountability, integrity, and efficiency in government. This is accomplished by the OIG conducting independent audits, investigations, and other accountability activities for the purpose of promoting economy and efficiency, to prevent and detect fraud or abuse in programs and operations carried out or financed by the Department.

The OIG ensures effective coordination and cooperation between the Florida Auditor General, the Office of Program Policy Analysis and Government Accountability (OPPAGA), and federal auditors to avoid duplication of services.

Pursuant to the 2014 statute changes, the Inspector General is under the general supervision of the Department's Secretary and reports to the Chief Inspector General. The OIG has full, free, and unrestricted access to all Departmental activities, records, data, and property, and may request any other information deemed necessary to carry out audit assignments or investigations as needed. This change in reporting structure and unrestricted access ensures audits, investigations, and other activities are independent, and that results are communicated in accordance with professional standards.

INSPECTOR GENERAL RESPONSIBILITIES

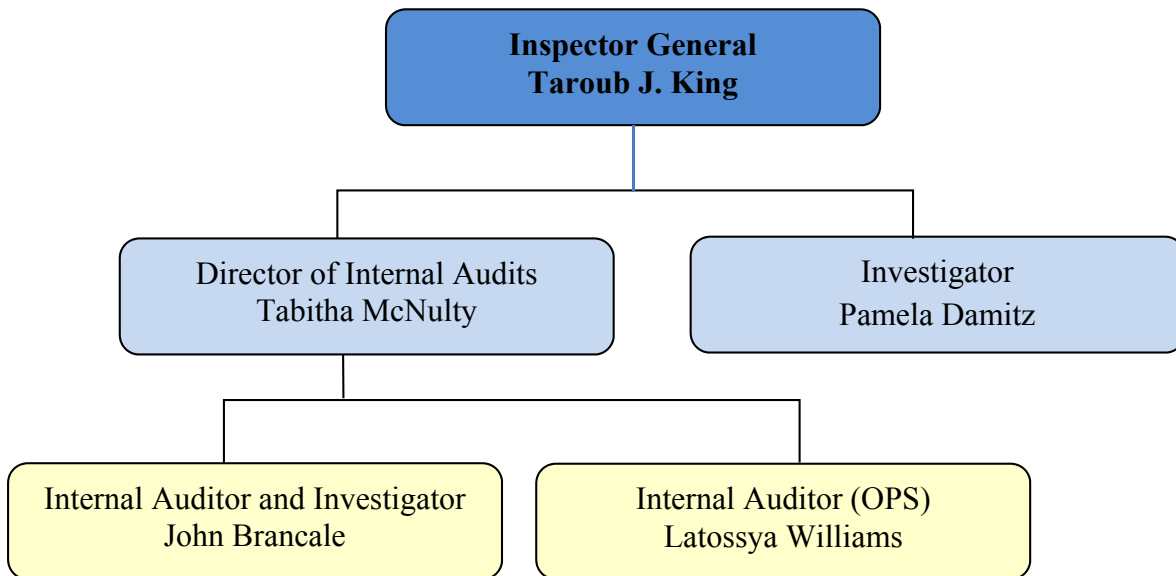
The specific duties and responsibilities of the Inspector General according to Section 20.055, Florida Statutes, include the following:

- To assess the reliability and validity of the information provided by the Department on performance measures and standards and make recommendations for improvement, if necessary;
- To review actions taken by the Department to improve program performance, to meet program standards, and, if necessary, make recommendations for improvement;
- To supervise and coordinate audits, investigations, and management reviews relating to the programs and operations of the Department;
- To conduct, supervise, or coordinate other activities carried out or financed by the Department for the purpose of promoting economy and efficiency in the administration of, or preventing and detecting fraud and abuse in, its programs and operations;

- To keep the Secretary and Chief Inspector General informed concerning fraud, abuse, and deficiencies relating to programs and operations administered or financed by the Department; recommend corrective action; and report on the implementation of the corrective actions;
- To review, as appropriate, rules relating to the programs and operations of the Department and make recommendations concerning their impact;
- To maintain an appropriate balance between audit, investigative, and other accountability activities;
- To monitor the implementation of the Department’s response to external audits; and
- To receive complaints and coordinate Department activities as required by the Whistle-blower’s Act and/or the Chief Inspector General.

ORGANIZATION PROFILE

To carry out our duties and responsibilities, as of June 30, 2014, the OIG had a staff of five professional/technical positions. Our structure was as follows:



STAFF QUALIFICATIONS

OIG staff members have background and experience in a wide variety of disciplines in both the public and private sectors. These disciplines include accounting, auditing, program evaluation,

management, law enforcement, and communications. They possess professional certifications and participate in a number of professional organizations. Below is a summary of the professional certifications and affiliations maintained by OIG staff members:

CERTIFICATIONS

Professional certifications held by the staff include:

- 1 Certified Inspector General
- 1 Certified Inspector General Auditor
- 1 Certified Inspector General Investigator
- 1 Certified Information Systems Auditor
- 3 Notaries Public
- 2 Certified Law Enforcement Officers

PROFESSIONAL ORGANIZATION AFFILIATIONS

OIG employees are affiliated with:

- The Association of Inspectors General
- The Institute of Internal Auditors, Inc.
- ISACA
- Florida Chapter, Association of Inspectors General
- Tallahassee Chapter, The Institute of Internal Auditors, Inc.
- Tallahassee Chapter, ISACA

OIG employees stay current with trends in internal auditing and investigations to maintain professional proficiency through membership in these various professional organizations. The required training hours are met through participation in conferences and webinars and attendance in relevant training or through continued professional education programs.

MAJOR ACTIVITIES AND FUNCTIONS

To carry out its mission the OIG performs the following:

INVESTIGATIONS

The Investigations Section is responsible for management and operation of administrative investigations designed to detect, deter, prevent, and/or eradicate fraud, waste, mismanagement, misconduct, and other abuses involving the Department's employees, contractors, and vendors.

Investigations are conducted in accordance with the *General Principles and Standards for Offices of Inspector General*, published by the Association of Inspectors General.

Inquiries and complaints regarding Department activity are received from many sources, including the Whistle-blower's Hotline, the Chief Financial Officer's Get Lean Hotline, the Attorney General's Office, the Office of the Chief Inspector General, and the Executive Office of the Governor. Complaints are also received from clients, family members, others doing business with the Department, senior leadership, and Department employees.

Inquiries and complaints received are reviewed, and a determination is made on each case type. Case types are defined as follows:

- Investigation – Systematic examination conducted in an effort to determine if an employee or contractor has been involved in conduct that would be a violation of agency policy and/or procedure or a possible violation of state or federal law that would result in the Department imposing disciplinary action.
- Management Review – Formal review of an issue that is possibly systemic in nature or of a specific program area to determine whether or not it is operating within accepted, written procedures or contract. These may be initiated in response to a complaint or expressed concerns that does not name a specific subject or at the request of management as a tool for program improvement.
- Preliminary Inquiry – An examination conducted based on limited information in an effort to verify the veracity of a complaint or allegation. The inquiry should determine if evidence is available to indicate the need for a complete investigation.
- Referral – The OIG may refer a complaint to management, another agency if the subject is out of the OIG's jurisdiction, or to law enforcement for criminal violations.

Investigative reports contain the allegations made in the complaint and are classified subsequent to the conclusion of fact, based on a thorough and competent investigation as follows:

- Exonerated – The allegation is true; however, the action of the Department or the employee was consistent with Department policy.
- Unfounded – The complaint was clearly false or there is no credible evidence to support the complaint.
- Not Sustained – There is insufficient proof to confirm or refute the allegation.
- Sustained – The allegation is true; the action of the Department or the employee was inconsistent with Departmental policy.
- Policy Failure – The allegation is true. The action of the Department or employee was consistent with Departmental policy; however, the policy was deficient.

Once investigations are completed, case dispositions are reported to the Secretary and appropriate managers. Additionally, when allegations are sustained the OIG provides the necessary facts to management to assist them in deciding the appropriate disciplinary actions.

INTERNAL AUDIT

The purpose of the Internal Audit Section is to help the Department accomplish its objectives by providing management with independent and objective audits, reviews, and consultations regarding risk management, governance, and control processes. The Internal Audit Section evaluates the reliability and integrity of financial and operational information, information technology, compliance with laws, policies, and procedures, and other relevant areas. Analyses, appraisals and recommendations related to reviews of program areas and processes are furnished to management and other Department employees to assist them in effectively managing their areas of responsibility.

Internal audit activities are conducted in accordance with *International Standards for the Professional Practice of Internal Auditing*, published by the Institute of Internal Auditors, Inc. and *General Principles and Standards for Offices of Inspector General*, published by the Association of Inspectors General.

RESPONSIBILITIES AND FUNCTIONS OF THE INTERNAL AUDIT SECTION

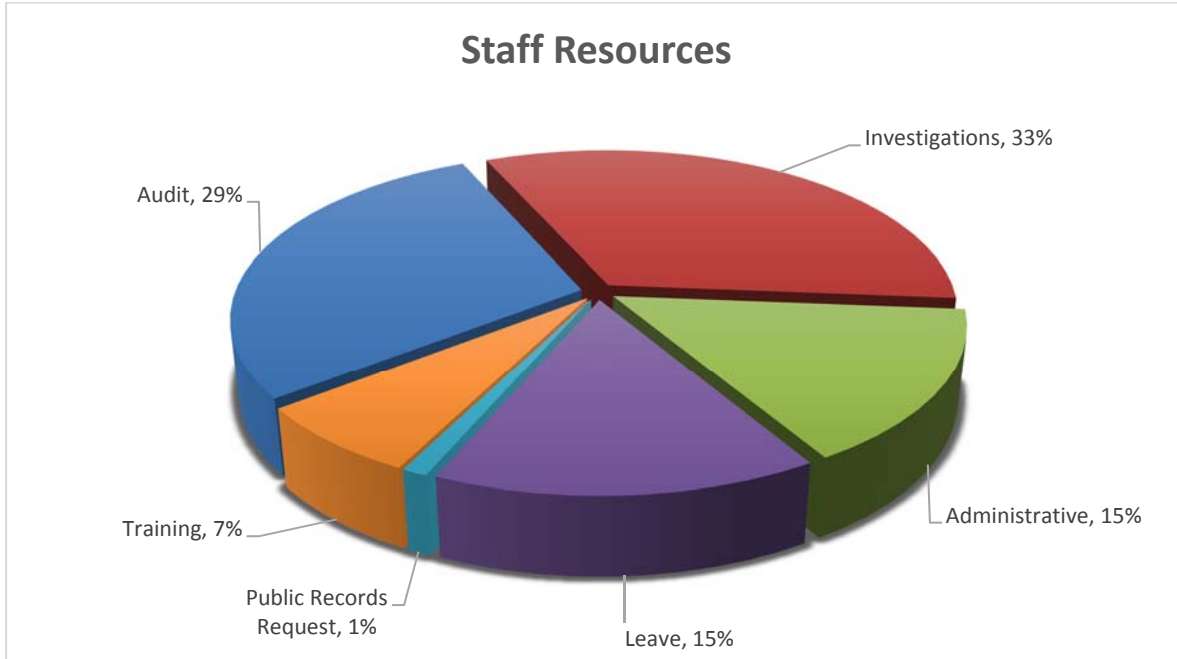
- Conducting **performance audits** to ensure the effectiveness, efficiency, and economy of the Department’s programs;
- Assessing the reliability and validity of information provided by the Department on **performance measurement** and standards;
- Conducting **compliance audits** to ensure that the Department’s programs are following prescribed statutes and rules;
- Providing **management assistance services** that involve consulting and advising management on Departmental policies and procedures and the development of performance measures; and
- Coordinating **audit responses** and conducting **follow-ups** to findings and recommendations made by the Auditor General, Office of Program Policy Analysis and Government Accountability (OPPAGA), internal audits, and other oversight units.

SUMMARY OF ACTIVITIES AND ACCOMPLISHMENTS

The Office of Inspector General maintains an activity tracking system in the “Integrated Internal Audit Management System” housed at the Florida Department of Children and Families in the

Northwood Data Center. This database is used to record and manage all OIG activities and has enabled our office to operate virtually paperless.

In accordance with Section 20.055(2)(i), Florida Statutes, the Inspector General ensures that an appropriate balance is maintained between audit, investigations, and other accountable activities. The pie chart below illustrates how personnel resources were used to complete the activities for Fiscal Year 2013-2014.



The OIG completed the following activities during Fiscal Year 2013-2014:

Function	Number	Potential Cost Savings/Recovery/Avoidance Or Question Costs
Complaints Received	50	
Investigations Closed	4	\$3,308
Management Reviews Completed	2	\$77,533
Internal Audits Completed	1	\$192,854
Public Records Requests	24	
Performance Measures Reviewed	26	
Recommendations Followed-up On	4	

SUMMARY OF ACTIVITIES

The following is a highlight of the reports issued during the past year.

AUDITS

Review of Department Vehicle Utilization - Report # A-1314DEA-002

The purpose of the audit was to determine which method of vehicle travel utilized by Department employees and volunteers was the most cost-effective. We explored the option of using privately-owned vehicles (POV) with mileage reimbursement, rental vehicles from AVIS under the Department of Management Services State Term Contract, and the acquisition of state-owned vehicles.

The results of the analysis between POVs, rental vehicles, and state-owned vehicles showed the following:

- State-owned vehicles are significantly more cost effective to drive than POVs.
- Rental cars are more cost effective to drive than POVs when traveling more than 84 miles per day.
- POVs are only cost effective when a state-owned vehicle is not available and are driven short distances.

As the Department does not have any state-owned vehicles, ***we recommend*** that the Department acquire state-owned vehicles for use by employees and volunteers. These cars could be assigned to the employees expected to drive more than 10,000 miles per year or as shared vehicles for the various employees of the agency.

In addition, ***we recommend*** that the Department add to the travel policies that employees are required to use a tool similar to the Most Economical Method of Travel spreadsheet before embarking on a trip.

INVESTIGATIONS

The Investigations Section closed four investigations during the year. The four investigations contained nine allegations: Three allegations were sustained and six of them were unfounded.

I-1213DEA-032: An employee alleged that their supervisor created a hostile work environment, retaliated against the employee by changing the employee's work schedule, job duties and direct supervisor, as well as committed a Health Insurance Portability and

Accountability Act (HIPAA) violation by discussing the employee's sick leave absences with others. A review of all evidence and interviews with numerous employees revealed that all 3 allegations were unfounded.

I-1213DEA-037: During a routine Purchasing Card (P-Card) audit by Finance and Accounting, numerous questionable gas purchases appeared to have been made by an employee for rental vehicles using the employee's P-Card after the vehicles were returned to the rental company. A review of all gas purchases was conducted and 8 of the 10 purchases were made at the same gas station and same pump. It was determined by the OIG, after making a gas purchase at the same station, that the gas pump in question reflected an incorrect time on the receipt. The allegation was unfounded.

I-1314DEA-018: An owner of an Adult Living Facility (ALF) alleged that a supervisor and two employees of a field office in that region intimidated the ALF's staff and that the supervisor abused their authority and manipulated ALF staff who were taking care of the supervisor's parent. A caregiver of a resident at the ALF also made a complaint to the Department alleging the supervisor violated their parent's protected health information. The supervisor filed complaints against the ALF, which resulted in Adult Protective Service (APS), local police department, Agency for Health Care Administration (AHCA) and Long Term Care Ombudsman Program (LTCOP) responses. Interviews with the aforementioned investigators, ALF staff, second complainant and spouse, and subjects resulted in the following findings: the allegation of unprofessional conduct against one employee was unfounded, and the allegation of unprofessional conduct against the other employee was sustained.

During the OIG interview, the supervisor admitted to providing false information to the APS and AHCA investigators. Additionally, information gleaned during the interviews resulted in a sustained finding on the allegation of unprofessional conduct and an unfounded finding on the allegation of a HIPAA violation against the supervisor.

I-1314DEA-020: During a routine fiscal monitoring of a transportation provider, an Area Agency on Aging (AAA) identified an unusual number of transportation units charged in the July 2013 log by the provider for their transportation of elder clients to a specific congregate meal site. The provider is funded by state general revenue and is a "Local Services Program (LSP)." The total cost of the annual contract is \$60,421 and, as an LSP provider, the provider received a two-month advance of \$10,070. It was determined the provider charged the AAA for providing transportation to deceased individuals. Additional months were reviewed to determine if there was a questionable billing pattern. The AAA monitoring report revealed that from January 2013 through August 2013, the provider charged them for 520 units at \$7.00 per unit for a total of \$3,640 for deceased individuals, clients who have not received the service and for an employee of the provider's transportation to and from work. Due to a potential for fraud, the OIG worked with the Department of Financial Services (DFS), Office of Fiscal Integrity. An

investigation revealed that the provider had charged \$3,308 in non-allowable billing, which was subsequently recouped by the AAA. The provider subsequently shut down their business, and no criminal charges were filed by DFS since the money was reimbursed to the AAA. The OIG made 3 recommendations to management for improvement of their provider monitoring, which was agreed to and are in the implementation process.

MANAGEMENT REVIEWS

M-1213DEA-040: An anonymous complainant alleged that in-home workers of a sub-recipient who provides services to elders were submitting fraudulent timesheets and forging their clients' signatures; they were not visiting their clients on a regular basis; some clients went without food for days; and that they were not relieving caregivers for weeks at a time. Interviews with clients, caregivers, and employees revealed that the allegations concerning workers not visiting clients; that clients went without food; and that caregivers were not relieved were unfounded. The review uncovered some instances of workers signing their timesheets instead of clients. The main in-home worker signing for clients had been terminated prior to the initiation of the OIG management review. Additionally, a review of case files and Department databases revealed that the sub-recipient billed \$44,225 to the Area Agency on Aging for non-billable activities. As a result of a complete management review, the OIG issued 8 recommendations. Most of the recommendations are in place and/or are currently being implemented by the sub-recipient with oversight from the AAA and Department. A determination by the Department of the recoupment of charges made by the sub-recipient is ongoing.

M-1314DEA-021: Division employees met separately with Department's Human Resources (HR) and alleged that their director was participating in unprofessional behavior towards staff and senior leadership. They alleged the director publically used profane language to describe senior leadership and alleged that senior leadership and HR were out to get the supervisor and interfering with the management of their program. Employees also complained that there was no leadership and no communication in their division or with their field offices by the director and deputy director resulting in a hostile work environment. Employees and supervisors in impacted offices were interviewed and a majority concurred with the allegations. During the management review, the OIG identified numerous administrative issues that needed attention and made 4 recommendations. While conducting the review, the director retired and the deputy director resigned. The recommendations are currently being implemented by a new director.

PRELIMINARY INQUIRIES

Inquiries may be initiated as a result of information from state employees, private citizens, federal agencies, legislators, the Department Secretary, or any other person with concerns about the integrity of the Department's operations, contractors, or employees.

P-1213DEA-038: An anonymous complainant alleged misconduct by staff at a field office by their lack of outreach to the public, its impact on services provided to elders, and the Department's verification and validation of employees' professional credentials. A thorough review of staff's work activities reflected prompt/timely and accurate service to the elders in that region and that they managed their outreach efforts appropriately. It was also determined that the Department was in compliance with the Department of Management Services' verification of validation procedures. Therefore, the allegation was unfounded.

P-1314DEA-016: A member of the public contacted the Governor's Office and several state agencies, including the Department, regarding concerns about the complainant's parent. Subsequent to a review of the complainant's issues, the OIG contacted several divisions within and outside the Department who could provide services/assistance to the parent, if eligible. Additionally, the OIG made contact with two state agencies to ensure that appropriate handling of the complainant's other issues were addressed.

P-1314DEA-017: A former Department employee who had been dismissed made 15 allegations against a former supervisor and a current employee in a field office. The complainant alleged that they participated in gross misconduct of their duties by not providing timely service to elders, falsification of timesheets, conducting personal business on work time, etc. The OIG conducted a thorough review of client files in that region, timesheet concerns, and work schedules. Based on documentation in the files, databases, etc., all allegations were unfounded.

P-1314DEA-022: An anonymous complainant alleged that an employee of a provider was trying to obtain complainant's Power of Attorney over financial matters and was concerned it was a scam. The Department's Contract Manager met with the OIG and Office of General Counsel (OGC) for advice on how to proceed. It was recommended that the Contract Manager contact the provider and send an official letter to them requesting information regarding their financial counseling services. The provider produced the requested documentation, which was forwarded to OGC for legal review. This matter was then referred to the Area Agency on Aging in that region for overview and technical assistance for the provider and a follow-up with the Contract Manager to ensure it was addressed properly.

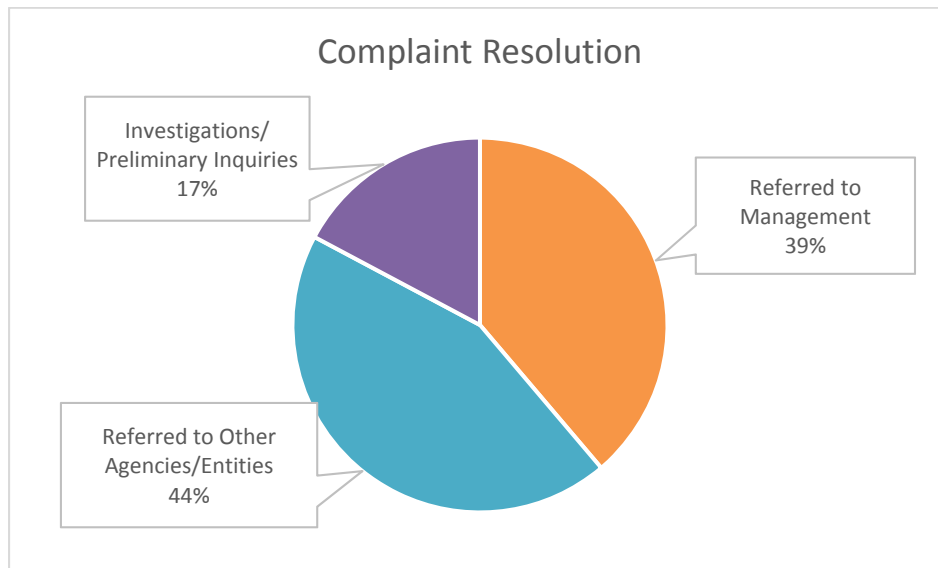
OTHER ACTIVITIES

Complaint Intakes - # P-1314DEA-010

During the year, the OIG received 50 complaints or requests for assistance from various sources. Some examples of complaints are:

- Employee Misconduct
- Misuse of Contract Funds
- Elder Abuse
- Benefit Assistance
- Non-compliance with Standards and Procedures

The complaints were reviewed and were resolved as follows:



Response Coordination and Follow-up on External Audits

The OIG is tasked with coordinating external audit engagements to ensure adequate audit coverage and to minimize a duplication of efforts. In addition, it monitors and assesses any corrective action taken by the Department in response to recommendations made by the Auditor General, the Office of Program Policy Analysis and Government Accountability (OPPAGA), federal auditors and other monitoring entities. The OIG coordinated information and/or responses for one Auditor General audit and two monitoring reviews. These reports contained five recommendations to the Department.

In addition to the coordination duties, the OIG followed up on four recommendations from two previous audits, and we found that the recommendations were partially implemented. Therefore, we will continue to track and follow up on the open recommendations.

Performance Measurement Review – # S-1213DEA-024

During the year the OIG reviewed the 26 performance measures contained in the Long-Range Program Plan for Fiscal Years 2013-2014 through 2017-2018. The OIG ensured that the measures were valid and reliable and, that the requested changes were both supported and justified.

A Risk Based Program – # S-1314DEA-030

To ensure that we provide adequate coverage of the many Departmental activities and adequate support to management, the OIG performs an annual risk assessment of all Department activities. This ensures that the OIG is responsive to management concerns and that those activities with the greatest risks are identified and scheduled for review. However, the Secretary may at any time request the OIG to perform an audit of a program, function, or organization unit.

ANNUAL WORK PLAN FOR FISCAL YEAR 2014-2015

Section 20.055(5)(i), Florida Statutes, requires that annual and long-term audit plans be developed based on the findings of periodic risk assessments. The purpose of developing the Annual Work Plan is to identify, select, and plan the allocation of resources for the upcoming year based on the risk assessment. The overriding consideration during the development of our Annual Work Plan is to provide the greatest benefit to the Department with our limited resources.

The Annual Work Plan was submitted and signed by Secretary Corley on July 7, 2013. The 10,328 hours available are allocated to the following:

Audit Plan for Fiscal Year 2014-2015

Audit/Program Evaluation and Management Assistance Services	Hours
Work in Progress: CARES – Human Resource Function	385
Contract Management and Monitoring Function	500
Purchasing Card Program Review	400
Health Insurance Portability and Accountability Act (HIPAA) Compliance Audit	325
Information Systems Risk and Security Assessment Reviews	211
Performance Measure Review	240
External Audit Coordination	125
Audit Follow-up Activities	250
Reserved for Requested Projects	275
Subtotal	2,711

Investigation Activities	Hours
Complaint Intake, Preliminary Inquiries, Investigations, and Management Reviews	2,384
Enterprise Audits	Hours
Requested Hours by the Chief Inspector General for Projects Work in Progress	818
- Assessment of Managed Care Organizations Anti-Fraud Process	20
Subtotal	838
Internal Reports	Hours
Annual Risk Assessment and Work Plan	320
Annual Report	140
Quality Assurance Review	350
Schedule IX	30
Subtotal	840
Office Management	Hours
Inspector General Duties	575
Administrative Duties	550
Staff Meetings	360
Personnel Issues	150
Public Records Request	170
Subtotal	1,805
Training	Hours
Professional Training	200
Staff Development	214
Subtotal	414
Holiday and Leave	Hours
Annual Leave	632
Sick Leave	416
Holiday	288
Subtotal	1,336
Total Hours Available	10,328



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